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S E C R E T SECTION 01 OF 03 WELLINGTON 000363

SIPDIS

NOFORN

STATE FOR EAP/ANP, SA/PB, NEA/NGA, AND S/CT  
DHAKA FOR AMBASSADOR THOMAS AND DCM CHAMMAS

E.O. 12958: DECL: 05/04/2015

TAGS: PREL PGOV PTER SMIG NZ

SUBJECT: IS NEW ZEALAND AWASH IN BAATHISTS?

REF: A. HADDA/DEPARTMENT/DHAKA MAY 1 E-MAILS (NOTAL)

1B. AMBASSADOR THOMAS/DEPARTMENT 04 OCTOBER E-MAIL  
(NOTAL)

Classified By: DCM David Burnett,  
For Reasons 1.4 (b) and (d)

¶1. (C) Summary: An opposition politician threatened early this week to reveal the identity of a member of Saddam's regime who is reportedly seeking residence in New Zealand. The Government responded by revoking the visitor's permit... of the wrong Iraqi. The Government's action was taken against former Iraqi Diplomat Zuhair Mohammed Al-Omar, whose background we had disclosed to NZ officials half a year ago. But the Iraqi whose name was revealed by the opposition yesterday is an alleged former cabinet official, Amer Mahdi Saleh Khashaly (AKA Amer Mahdi Alkashali) who arrived in New Zealand only last month.

¶2. (S/NOFORN) The media has played up the fact that there could be as many as five more Baathists on the loose in New Zealand, and the Government's humiliation over the incident is palpable. The anti-immigration party that revealed the name of the cabinet official will milk the story for all it's worth in the run up to elections later in the year. The fact that both men received visas from New Zealand's embassy in Bangkok, already cited for consular impropriety, will increase the Government's woes and could lead to career trouble for the head of Immigration and others. Blame may also eventually fall on Prime Minister Clark in her role as Minister in charge of the Security Intelligence Service (SIS). The possibility is clearly not lost on her and she has reportedly hounded the SIS head daily for updates.

¶3. (C) Under NZ immigration law, classified information to be used to bar entry to visa applicants judged to be security risks, but hearings to determine refugee status -- an entirely separate process -- are open and can therefore not include classified evidence. An ongoing case has already allowed a former Algerian politician with reported terrorist links to take advantage of this loophole. Ironically, having been drawn into the spotlight the Iraqis may now be more likely to apply for refugee status, especially if the Government withdraws their right to stay here as the result of the opposition's claims. This could be the real election issue, as liberal voters tend to see the asylum seekers as victims of bad intelligence while more conservative voters accuse the Government of providing an open door to terrorists.

¶4. (C) If the Iraqis ask for refugee status, we expect our New Zealand counterparts will ask us for any open source information we can provide that would enable to enable the Kiwis to show the gentlemen the door. NZ officials plan to brief us fully on the cases over the next few days. End Summary.

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BACKGROUND  
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¶5. (C) We were called over the weekend by a contact in the Ministry of Foreign Affairs and Trade (MFAT) who asked whether the NZ Government could release publicly information that we had shared with them last October about Z.M. Al Omar, a former Iraqi Ambassador to Bangladesh. MFAT told us that the head of the anti-immigration New Zealand First Party, former Prime Minister Winston Peters, had threatened to reveal that an Iraqi official was in the country and the NZ authorities were doing nothing about it.

¶6. (C) The information we had passed along in October, which noted that Al Omar was an unreconstructed Baathist who had tried to organize Islamic extremists to foment violence against U.S. facilities in Dhaka, had been provided to Ambassador Thomas by Bangladesh's Foreign Secretary (Ref B). The Foreign Secretary also claimed that Al Omar was seeking political asylum in New Zealand.

¶7. (S/NOFORN) SIS has the power to declare any alien in New

Zealand a Security Risk based on classified information, but New Zealand officials are extremely wary to use this option now that the Government is engaged in a high-profile, embarrassing court battle in connection to a former Algerian MP, Ahmed Zaoui. The Government claimed he presented a security risk, and sought to expel him based on classified evidence. His lawyers demanded to see the intelligence, claiming it was spurious, but the third country provider of the information refused to declassify it. Meanwhile, Zaoui was determined to be a refugee under the entirely separate refugee process. Zaoui claims his human rights have been violated by the use of the intelligence that he cannot see. His lawyers, the media, and much of the public regard him as a persecuted martyr, and he has even been granted safe haven by a monastery as his case slogs through the courts. Government officials, who have told us they expect to lose the Zaoui case, have not yet revised the laws to close the loophole. In the meantime they want to avoid similar situations, which is why MFAT asked us if they could publicize the information that we had provided to them on Al-Omar.

18. (S/NOFORN) After receiving the weekend's request from MFAT, we asked Embassy Dhaka to seek GOB approval to release the information (Ref A) and asked Embassy Baghdad if the GOI had any information about Al Omar. We also suggested that NZ law enforcement officials look into Al Omar's financial arrangements, as he may be using Hussein government funds to cover his costs.

19. (C) On Monday, May 2, MFAT informed us that NZ Immigration had determined that they could cancel Al Omar's visitor's permit on the basis of his application form. He had not in fact applied for asylum or refugee status. News that the Government had revoked the permit of an Iraqi diplomat (but which did not reveal his name) hit the media that night, following reports that Peters was to reveal the Iraqi's name in Parliament the next day.

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IT'S THE "WRONG" IRAQI  
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10. (SBU) On Tuesday, May 3, Peters revealed to Parliament the identity of the Iraqi official, as promised. To the government's chagrin, the name he cited was not Al-Omar but Amer Mahdi Saleh Khashaly (AKA Amer Mahdi Alkashali), an alleged 1980s Iraqi Cabinet Minister who arrived in New Zealand last month. Apparently, Khashaly entered New Zealand on an Iraqi passport but used a UN passport to support his visa application. Incredibly, his current whereabouts are unknown, and Peters roundly criticized the Government for failing to track him down.

11. (SBU) The press, already tipped off by government officials about Al-Omar's identity, gave wide play to the story that Peters had forced the government's hand into revealing the identity of the "wrong" Iraqi. The media also reported that Al-Omar lives in New Zealand with his son, a New Zealand citizen. Despite the information we have heard about Al-Omar, his son insists his career pre-dates the Baathists and that he has police clearance from the current Iraqi regime. Peters declared that the Government went looking for a wolf and found a rabbit.

12. (SBU) The Government's problems have been compounded by the fact that both Iraqis were issued visas by New Zealand's Embassy in Bangkok, where an employee was fired in 2003 after being accused of selling visas. Al-Omar reportedly received his visa even though the issuing officers knew of his background. The officers had failed to do the right background checks on Khashaly. Immigration Minister Paul Swain declared that he had lost all confidence in Bangkok, and ordered that from now on all visa applications involving nationals from "high risk" countries are to be processed in New Zealand. The Government's embarrassment has increased, as a search through Immigration files has revealed that "many more" Iraqis associated with the Hussein regime -- the press says five so far -- may have been allowed entry into the country.

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Something is Broken  
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13. (SBU) So far, the focus of media attention has been on Labor Department Workforce Deputy Secretary May Ann Thompson (who used to be advisor to the Prime Minister) and Immigration Minister Swain. Peters claimed Swain, "... does not have the remotest idea of which Arab -- Osama bin Laden or anybody else -- may be in the country and what he is doing here." It seems more and more likely that Swain and others may pay for the embarrassment with their jobs. As of now, the Prime Minister has been spared from strong criticism, and she even managed a joke at Peter's expense, chiding him for his hyperbolic claim during his presentation to Parliament

that half the Iraqi cabinet was in New Zealand.

¶14. (S/NOFORN) Behind the scenes, however, there is less levity. The Prime Minister is reportedly hounding the head of SIS daily for updates. Our MFAT source tells us a Government task force is meeting daily, and ministries have said they will brief us about the controversy within the next few days.

¶15. (C) As we have often remarked, the Prime Minister has proven herself capable time and time again of distancing herself from the scandals that have arisen during the past months, such as the financial questions surrounding outspoken Labour MP John Tamihere. But this latest dust-up could have a real negative impact on both her (as Minister in charge of Intelligence) and the Labor government in the run-up to the elections. Even if all Iraqis are declared not to be security risks, the fact that both were able to enter and live in New Zealand without detection may raise concerns among voters. If they apply for refugee status, the government faces months of embarrassing trials that will expose them to criticism from liberals, who will regard the Iraqis as innocent victims of U.S. and other countries' intelligence, and conservatives, who will declare New Zealand a haven for terrorists. Law and order is already a campaign issue here. Adding lax immigration controls could prove a volatile mix.

¶16. (C/NOFORN) Elections aside, the incident raises real questions about New Zealand's border controls and coordination among ministries involved with immigration. MFAT has admitted to us that despite their and SIS's repeated prodding, Immigration failed to look into Al-Omar until Peters' threat. We have heard that Immigration may also have been the source of Peter's revelation. If so, there may be dissatisfaction within the ranks about the agency's performance.

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INFORMATION APPRECIATED  
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¶17. (C) MFAT tells us that at this point they do not need any information from us about either Iraqi already named because neither has asked for refugee status. But it seems likely that one or both may. Al-Omar, having had his visa revoked, would have no other way of staying with his son here over the longer term. The Bangladeshi Foreign Secretary had also reported that Al-Omar would ask for asylum. News reports claim Khashaly arrived in New Zealand to ask for help from Zaoui's lawyers in getting political asylum for him and his son.

¶18. (C) In anticipation that Government officials will ask us for open source information in the event that Al-Omar and/or Khashaly ask for refugee status, post would appreciate any information that agencies/Embassy Dhaka/Embassy Baghdad could provide. We will also provide more names if and when they arise.

19: (U) Minimize Considered.  
Swindells